We claim:

1.   A method for conducting micropayment transactions between consumers and merchants, the method comprising the steps of:

> offering at least one micropayment transaction to a consumer, during which transaction a merchant provides value to the consumer and the consumer presents data from a prepaid instrument as payment for the value;

> authorizing a proposed micropayment transaction for settlement;

> executing the micropayment transaction between the merchant and the consumer;

> decrementing a value parameter associated with the prepaid instrument by an amount corresponding to the value provided by the merchant; and

> transferring a payment to the merchant to settle the micropayment transaction.

2.   A system for conducting micropayment transactions between consumers and merchants, the system comprising:

> at least one prepaid instrument issued to a consumer;

> a merchant site adapted to conduct micropayment transactions and to accept data associated with the prepaid instrument as payment for the micropayment transaction, during which transaction the merchant provides value to the consumer and the consumer presents data associated with the prepaid instrument as payment for the value; and

> a clearinghouse adapted to receive data associated with the prepaid instrument from the merchant site and to process the data to settle the micropayment transaction.

3.   A business method for conducting micropayment transactions between consumers and merchants, the business method comprising the steps of:

> offering at least one micropayment transaction by a merchant to a consumer, during which transaction the merchant provides a first value to the consumer and the consumer presents data from a prepaid instrument as payment for the first value;

> authorizing a proposed micropayment transaction;

> executing the micropayment transaction between the merchant and the consumer;

decrementing the value parameter by an amount corresponding to the first value;

collecting a payment having a second value from an entity holding settlement funds on

deposit, wherein the first value is greater than the second value, thereby generating a

first profit to the entity equal to the difference between the first value and the second

5   value;

routing the payment to a clearinghouse entity settling the micropayment transaction; and

transferring a payment of a third value from the clearinghouse entity to the merchant to

settle the micropayment transaction, wherein the second value is greater than the third

value, thereby generating a second profit to the clearinghouse entity equal to the

10   difference between the second value and the third value.

4.   A method of settling a micropayment transaction conducted between a consumer and a

merchant using a prepaid instrument presented by a consumer, the method comprising the steps

of:

receiving a request from the merchant to authorize a proposed micropayment transaction

15   for a first value to be settled against the prepaid instrument;

processing the request;

responding to the request with an authorization decision; and

dispositioning the proposed micropayment transaction.

5.   The method of claim 4, wherein the step of receiving a request includes receiving data

20   including at least a prepaid instrument number and a PIN associated with the prepaid instrument.

6.   The method of claim 4, wherein the step of receiving a request includes receiving a

request to authorize a proposed micropayment transaction for a first value to be settled against a

prepaid calling card.

7.   The method of claim 4, wherein the step of processing the request includes accessing a

25   database to retrieve the value remaining parameter, using the data from the prepaid instrument as

an index into the database, and comparing the value provided by the merchant to the value

remaining parameter to determine whether to authorize the micropayment transaction for

settlement.

8.   The method of claim 4, wherein the step of processing includes determining that the value remaining parameter is sufficient to authorize the micropayment transaction for settlement.

9.   The method of claim 4, wherein the step of responding includes one of authorizing the proposed micropayment transaction for settlement and declining the proposed micropayment transaction for settlement.

10.   The method of claim 4, wherein the step of dispositioning the micropayment transaction includes decrementing the value remaining parameter according to the first value, and transferring a payment to the merchant to settle the micropayment transaction.

11.   The method of claim 4, wherein the step of processing includes determining that the value remaining parameter is insufficient to authorize the micropayment transaction for settlement.

12.   The method of claim 4, wherein the step of dispositioning the micropayment transaction includes terminating the micropayment transaction.

13.   The method of claim 11, wherein the step of dispositioning the micropayment transaction includes, after the micropayment transaction has been declined for settlement, enabling the consumer to perform one of: increasing the value remaining parameter, and purchasing a second prepaid instrument having a second value remaining parameter greater than the first value.

14.   The method of claim 13, wherein the step of enabling is performed by software hosted on a merchant website.

15.   The method of claim 13, wherein the step of enabling is performed by software hosted by a settlement clearinghouse.

16.   The method of claim 13, further comprising the step of receiving a second request from the merchant to authorize the micropayment transaction.

17.   The method of claim 16, wherein the step of receiving a second request from the merchant is performed after the value remaining parameter has been increased.

18.   The method of claim 16, wherein the step of receiving a second request from the merchant is performed after the second prepaid instrument has been purchased.

19.   The method of claim 4, wherein the step of comparing includes exchanging between a unit of value used to conduct the micropayment transaction and a unit of value associated with the prepaid instrument.

20.   The method of claim 19, wherein the step of exchanging includes converting between units of time and units of monetary currency.

21.   The method of claim 19, wherein the step of exchanging includes converting between two different units of monetary currency.

22.   The method of claim 4, wherein the steps of comparing and responding are performed in real time.

23.   The method of claim 10, wherein the step of transferring a payment includes originating the payment to the merchant from an issuing entity that issued the prepaid instrument to the consumer.

24.   The method of claim 23, wherein the step of originating the payment includes transferring the payment from the issuing entity directly to the merchant.

25.   The method of claim 23, wherein the step of originating the payment includes transferring the payment from the issuing entity indirectly to the merchant through at least one intermediary.

26.   The method of claim 23, wherein the step of transferring a payment includes aggregating multiple micropayment transactions involving prepaid instruments issued by a given instrument issuer into a composite settlement transaction to be settled against the given instrument issuer.

27.   The method of claim 23, wherein the step of transferring a payment includes aggregating multiple micropayment transactions involving prepaid instruments issued by a given instrument issuer and involving a given merchant into a composite settlement transaction to be settled against the given instrument issuer to the given merchant.

28.   The method of claim 4, further comprising the step of receiving from the merchant a request to increment the value remaining parameter.

29.   The method of claim 28, wherein the step of receiving the request to increment results from a consumer transaction conducted on a website associated with the merchant.

30.   The method of claim 28, wherein the step of receiving the request to increment occurs in response to a consumer transaction conducted on a website associated with the merchant, the website hosting a gaming application, and the request to increase resulting from the consumer transacting with the gaming application and achieving a score that reaches a predetermined

5   threshold.

31.   The method of claim 4, further comprising the step of activating the prepaid instrument in response to an activation command from a prepaid instrument issuer.

32.   The method of claim 31, wherein the step of activating the prepaid instrument enables the prepaid instrument to be used both for placing telephone calls and for conducting micropayment

10   transactions with merchants.

33.   The method of claim 32, wherein the step of activating is performed after the consumer acquires the prepaid instrument for one of: a cash payment, a credit card charge, a paper check payment, an electronic check payment, and for no charge.

34.   The method of claim 4, further comprising the step of incrementing the value remaining

15   parameter in response to a recharge transaction executed by the consumer using one of: a cash payment, a credit card charge, a paper check payment, an electronic check payment, and for no charge.

35.   The method of claim 4, further comprising the step of validating a type of prepaid instrument presented by the consumer against the type of micropayment transaction sought by

20   the consumer.

36.   A program storage device readable by a machine, tangibly embodying a program of instructions executable by the machine to perform method steps for settling a micropayment transaction conducted between a consumer and a merchant using a prepaid instrument presented by the consumer, the method steps comprising:

25   receiving a request from the merchant to authorize a proposed micropayment transaction for a first value;

       comparing the first value to a value remaining parameter associated with the prepaid instrument;

       responding to the request with an authorization decision; and

dispositioning the proposed micropayment transaction.

37.   A computer-implemented user interface supporting execution and settlement of a micropayment transaction conducted between a consumer and a merchant using a prepaid instrument presented by the consumer, the user interface comprising:

5   at least a first field adapted to receive data enabling the consumer to obtain at least a first prepaid instrument;

            at least a second field adapted to receive data enabling the consumer to purchase additional value units for the prepaid instrument;

            at least a third field adapted to receive data enabling the consumer to inquire about a

10   value remaining parameter associated with the prepaid instrument; and

            at least a fourth field listing web sites associated with merchants who accept data from the prepaid instrument to conduct micropayment transactions.